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March 10, 2006

Mike Romero
Northwest Region
Department of Environmental Quality
Voluntary Cleanup Program
2020 SW Fourth Avenue, Suite 400
Portland, OR 97201-4987

Re: Premier Edible Oils Site
White Paper – Contaminant Sources at the PEO Site (ESCI # 2013)
And
Gradient Comments on the Lower Willamette Group's Draft Conceptual Site Model for
the PEO Site, dated March 1, 2006

Dear Mr. Romero:

Based upon recent e-mails between you and Gradient Corporation (Gradient), Schnitzer Investment Corp.'s (SIC's) environmental consultant at the Premier Edible Oils (PEO) Site, it is our understanding that you have been assigned as the Project Manager for the PEO Site located at 10400 N Burgard Way, Portland. As SIC's environmental counsel for the PEO Site, let me assure you that SIC looks forward to working with you in getting the needed site evaluations completed at the PEO Site.

As you are probably aware, however, good faith differences of opinion exist between SIC and Time Oil Company (the adjoining landowner) as to the sources of the residual petroleum product contamination at and in the vicinity of the PEO Site. To facilitate the timely resolution of these differences, SIC has authorized our office to prepare the enclosed ***White Paper – Contaminant Sources at the Premier Edible Oils Site (ESCI #2013) located within the Portland Harbor Superfund Site*** (hereinafter referred to as the "White Paper"), dated March 6, 2006, and has authorized Gradient to prepare the enclosed Memorandum entitled ***Comments on the Lower Willamette Group's Draft Conceptual Site Model for the Premier Edible Oils Site***, dated March 1, 2006 (hereinafter referred to as Gradient's "3/1/06 Memorandum"). These documents shed significant new light and knowledge on the historic activities of Time Oil that allow for a factual resolution of these differences.

The purpose of the White Paper is to consider existing Time Oil allegations and speculations as to the sources for the residual petroleum product contamination at and in the vicinity of the PEO

Site to determine whether there is a factual basis for those allegations. A review of the available site data and other relevant factual information indicates that there is no such basis. Furthermore, the White Paper examines whether other available information that has apparently been withheld, overlooked, and/or mischaracterized by Time Oil and provides factually more accurate and plausible explanations of the sources of the residual petroleum product contamination at and in the vicinity of the PEO Site. These evaluations considered information relevant to the PEO property, the Time Oil facilities located adjacent to and/or upgradient of the PEO property (particularly the Bell Terminal facility), and the Time Oil facility that was historically located on the southern portion of the PEO property itself.

As discussed in the White Paper, the available data and other relevant information indicate that the residual petroleum hydrocarbon contamination at and in the vicinity of the PEO Site is primarily due to:

- the historic operation and maintenance practices at the Time Oil facilities (including the management and on-site disposal of tank sludges);
- the known historic releases of hazardous substances on the current and former Time Oil terminal properties; and
- the apparent lengthy and conscious disregard of certain required environmental compliance measures displayed by Time Oil management, from at least 1971 to 1983.

Gradient's 3/1/06 Memorandum also addresses issues associated with characterizing the sources of petroleum hydrocarbon contamination at and in the vicinity of the PEO site, particularly as such issues are reflected in the Draft Conceptual Site Model (CSM) for the PEO site that was developed by the Lower Willamette Group (LWG) relying extensively on documents prepared by Time Oil.

As reflected in Gradient's Memorandum, the primary concerns raised by the LWG's Draft CSM document for the PEO site include the following:

- *Misleading and erroneous characterization of the conditions and potential contaminant sources at and in the vicinity of the PEO site.* In particular, the LWG's CSM document ignores substantial petroleum contaminant sources (e.g., Time Oil's upgradient Bell Terminal petroleum handling and storage facility), while focusing on potential sources that are unlikely to have contributed significantly, if at all, to the petroleum contamination observed in groundwater and soil at depth at the PEO site (e.g., the former Bell Terminal pipeline that crossed the PEO property).
- *Deficient and erroneous characterization of conditions and potential contaminant sources for the Time Oil Bell Terminal facility.* In particular, the conclusions presented in the LWG's CSM document rely heavily on draft Time Oil documentation regarding the Bell Terminal facility that suffers from numerous limitations including: misleading data

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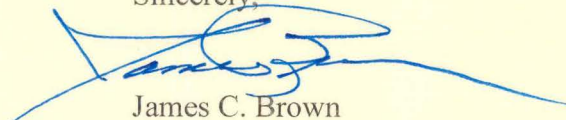
presentations that promote erroneous conclusions, data inconsistencies indicating incomplete site characterization, and misleading and unsupported allegations regarding potential contamination sources.

- *Inadequate characterization of conditions at the PEO facility, due to reliance on outdated or incomplete information.* In particular, by contrast with the interpretation of the available data for the PEO site presented in the LWG's CSM document, a more complete and accurate review of the available data strongly points to Time Oil-related sources as playing the significant contributing role in the petroleum hydrocarbon contamination observed in groundwater and soil at depth at the PEO site (*i.e.*, activities on the Bell Terminal property and the historic Time Oil bulk fuel facility previously located on the southern portion of the PEO property).

Even though there is a considerable amount of information to digest in the enclosed documents, we believe that this information is critical to the Department's forming an accurate understanding of the environmental conditions at the PEO Site.

As you have requested, Gradient will be contacting you shortly to arrange for a meeting between DEQ and SIC representatives to discuss the status of the site evaluations, as well as to further discuss the information presented in this submittal. We look forward to working with you in addressing the environmental concerns at the PEO Site. If you have any questions, please call.

Sincerely,

A handwritten signature in blue ink, appearing to read "James C. Brown", with a long horizontal flourish extending to the right.

James C. Brown

c (With Enclosures):

Jim Anderson, DEQ
Tom Roick, DEQ